



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

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|-------------------------|--------------|----------------|--|
| Bill # | HB0599 | Title: | Impose registration surcharge on motor homes |
| Primary Sponsor: | Raser, Holly | Status: | As Introduced |

- | | | |
|--|--|--|
| <input checked="" type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

| | <u>FY 2007 Difference</u> | <u>FY 2008 Difference</u> | <u>FY 2009 Difference</u> | <u>FY 2010 Difference</u> | <u>FY 2011 Difference</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Expenditures: | | | | | |
| General Fund | \$130,000 | \$95,459 | \$0 | \$0 | \$0 |
| Revenue: | | | | | |
| General Fund | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Impact-General Fund Balance | <u>(\$130,000)</u> | <u>(\$95,459)</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

Description of Fiscal Impact:

HB 599 establishes a 10% surcharge on the motor home registration fee which is deposited in the county general fund. General fund operating costs would increase in FY 2008 to change the fee calculation logic in the MERLIN system and add the motor home surcharge fee for each county report. It is assumed that this bill will be effective prior to completion of the MERLIN project. Therefore, Legacy mainframe programming costs will have to be incurred to accept a 10% surcharge fee on motor homes.

FISCAL ANALYSIS

Assumptions:

Department of Justice – Motor Vehicle Division

1. Motor home registration fees in CY 2006 were \$4,719,106. Assuming that the annual revenues for the motor home registration fees are similar, applying the 10% surcharge proposed by this bill would generate approximately \$471,911 annually for the counties' general funds.
2. Operating costs in FY 2008 would increase \$95,459 for registration fee calculation customization in the new MERLIN system to change the fee calculation logic, modify the fees sent to the cash drawer, and add the motor home surcharge fees for each county's reports.

3. Two program developers at \$65 per hour for 1,000 hours for a total of \$130,000 (\$65/hour * 2 program analysts * 1,000 hours= \$130,000) would be required to modify the mainframe Legacy system in FY 2007 including:
- Reinstitute the calculation of motor home registration fees based upon a 10% surcharge.

| | <u>FY 2007 Difference</u> | <u>FY 2008 Difference</u> | <u>FY 2009 Difference</u> | <u>FY 2010 Difference</u> | <u>FY 2011 Difference</u> |
|---|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| <u>Fiscal Impact:</u> | | | | | |
| Department of Justice | | | | | |
| <u>Expenditures:</u> | | | | | |
| Operating Expenses | \$130,000 | \$95,459 | \$0 | \$0 | \$0 |
| <u>Funding of Expenditures:</u> | | | | | |
| General Fund (01) | \$130,000 | \$95,459 | \$0 | \$0 | \$0 |
| <u>Revenues:</u> | | | | | |
| General Fund (01) | \$0 | \$0 | \$0 | \$0 | \$0 |
| <u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u> | | | | | |
| General Fund (01) | (\$130,000) | (\$95,459) | \$0 | \$0 | \$0 |

Effect on County or Other Local Revenues or Expenditures:

Assuming that the annual revenues for the motor home registration fees are similar, applying the 10% surcharge proposed by this bill would generate approximately \$471,911 annually for the counties' general funds. The distribution would depend upon the motor home registration location and the motor home registration fee which is dependent on the age of the motor home, and the registration status of annual or permanent.

Technical Notes:

Section 1-2-201, MCA, provides that statutes imposing fees and taxes for motor vehicles take effect on the first day of January following passage and approval of the legislation unless a different time is prescribed in the legislation. Section 5 of this bill (HB 599) has a July 1, 2007, effective date which is two months prior to the anticipated September 2007 implementation date for integrated new motor vehicle system for titling and registration system (MERLIN). Implementation of this bill in July 2007 would require duplication of expenditures and resources to complete programming in both the Legacy and the MERLIN systems.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date